

Message Text

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INFO OCT-01 ISO-00 EB-03 L-02 SS-14 SP-01 INR-01 RSC-01

INRE-00 /036 R

DRAFTED BY EA/PHL:RWILLNER/RUSHER:MHS

APPROVED BY EA/PHL:DCUTHELL

EA - MR. HUMMEL (DRAFT)

L - MR. ALDRICH (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA IMMEDIATE

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E.O. 11652: GDS

TAGS: EGEN, ETRD, RD

SUBJECT: ECONOMIC NEGOTIATIONS

REF: MANILA 6159 AND MANILA 6193

1. RE ACTIONS REQUESTED PARA 6 MANILA 6193, BELIEVE WE
COULD FAIRLY QUICKLY PROVIDE AUTHORIZED TEXT OF DRAFT
TREATY AND NAMES OF US NEGOTIATING TEAM PER 6A AND B- LIST
OF PRODUCTS AND SCHEDULES CONCERNING DUTY RATES ON PRODUCTS
WOULD HAVE TO REMAIN BLANK AT THIS STAGE SUBJECT NOT ONLY
TO HAMMERING OUT OF INTERDEPARTMENTAL AGREEMENT ON PRODUCTS
AND PROPOSED DUTY RATES, BUT ALSO TO SUITABLE CONSULTATIONS
WITH US CONGRESS.

2. YOUR REQUEST FOR NAMES OF CONGRESSIONAL GROUP CHOSEN TO
ACT AS CONSULTANTS ON NEGOTIATIONS (PARA 6C MANILA 6193)
CAN, OF COURSE, NOT BE MET UNLESS AND UNTIL WE ARE FREE TO
HAVE SUITABLE CONSULTATIONS WITH CONGRESS. AS YOU WILL SEE
FROM THE FOLLOWING WE DO NOT YET HAVE AN EXECUTIVE BRANCH

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DECISION TO UNDERTAKE SUCH CONSULTATIONS AT ANY JUNCTURE

PRIOR TO FLOOR VOTE ON THE TRA AT SOME UNCERTAIN DATE IN THE FUTURE.

3. DELIBERATIONS ON DEVELOPMENT OF NEGOTIATING POSITION WITHIN EXECUTIVE BRANCH HAVE IDENTIFIED SERIES OF QUESTIONS WHICH WILL HAVE TO BE ANSWERED BEFORE WE CAN

DETERMINE WHETHER NEGOTIATING TEAM CAN PROCEED TO MANILA AS PLANNED, AND WHAT ITS AUTHORITY WILL BE.

4. IT HAS BEEN OUR ASSUMPTION THAT THERE WOULD BE NO PURPOSE IN TEAM GOING TO MANILA FOR NEGOTIATION OF TREATY DRAFT UNLESS IT WERE ALSO ABLE TO DISCUSS SPECIFIC TRADE CONCESSION ITEMS. DO YOU AGREE?

5. ASIDE FROM THE QUESTION OF OBTAINING AGREEMENT OF A CONGRESSIONAL GROUP TO ACT AS CONSULTANTS ON THE NEGOTIATIONS, WE HAVE CONCLUDED THAT WE CANNOT EVEN DISCUSS SPECIFIC TRADE ITEMS WITH THE FILIPINOS UNLESS AND UNTIL WE HAVE HAD SOME ADVANCE CONSULTATIONS WITH CONGRESS CONCERNING OUR INTENTION TO INCLUDE SUCH ITEMS IN OUR DISCUSSIONS WITH THE FILIPINOS. IN SUCH CONSULTATIONS WE WOULD EXPLAIN WHY IT IS IMPORTANT TO BEGIN NEGOTIATIONS WITH PHILIPPINES IN JUNE. WE WOULD ALSO EXPLAIN THAT THE NEGOTIATIONS WOULD BE UNDERTAKEN ON UNDERSTANDING THAT PRESIDENTIAL AUTHORITY TO IMPLEMENT ANY TENTATIVE AGREEMENT REACHED WITH THE PHILIPPINES WOULD BE DEPENDENT UPON THE PASSAGE AND THE REQUIREMENTS OF TRA. WE WOULD NOT RPT NOT SUGGEST OR IMPLY IN CONSULTATIONS WITH CONGRESS THAT, IN EVENT FAILURE OR DELAY OF TRA, WE MIGHT SEEK SPECIAL LEGISLATIVE AUTHORITY FOR BILATERAL TRADE NEGOTIATIONS WITH THE PHILIPPINES.

6. AS INDICATED TO YOU IN AN EARLIER MESSAGE, PROSPECTS HAVE INCREASED THAT THE TRADE BILL MAY BE UNDERGOING MARKUP DURING THE FIRST TWO WEEKS IN JUNE, ALTHOUGH WE HAVE NO IDEA HOW SOON A FLOOR VOTE MAY OCCUR. THIS POSSIBILITY HAS UNFORTUNATELY INTENSIFIED CONCERN HERE THAT ANY CONSULTATION WITH CONGRESS RE TRADE NEGOTIATIONS WITH THE PHILIPPINES COULD IMPERIL, RATHER THAN IMPROVE,

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TRA PROSPECTS BY ENDANGERING ONE OR TWO VOTES CRITICALLY NEEDED FOR ULTIMATE PASSAGE OF THE TRA. THIS CONCERN ARISES PARTLY FROM AWARENESS OF INDIVIDUAL OBJECTION BY SOME MEMBERS OF CONGRESS TO PRESENT PHILIPPINE GOVERNMENT, AND PARTLY BECAUSE OF POSSIBILITY CERTAIN VOCAL US BUSINESS AND TRADE INTERESTS MIGHT SEE THEMSELVES AS SOMEHOW ADVERSELY AFFECTED BY SPECIFIC TRADE ITEMS, HOWEVER HARMLESS THEY MAY SEEM TO US.

7. IT APPEARS INCREASINGLY EVIDENT THAT WE WILL NEED SECRETARY'S AGREEMENT AND DECISION IN ORDER OBTAIN EXECUTIVE BRANCH APPROVAL FOR NECESSARY CONSULTATIONS WITH CONGRESS, IF THESE CONSULTATIONS ARE TO TAKE PLACE AT ANY TIME BEFORE A FLOOR VOTE ON TRA. WE ARE ACCORDINGLY PREPARING PAPERS FOR SECRETARY'S CONSIDERATION AND WILL NEED YOUR ASSESSMENTS OF (A) CONSEQUENCES SHOULD WE NOT BE

ABLE TO NEGOTIATE ON OR EVEN DISCUSS TRADE ITEMS WITH PHILS IN JUNE; (B) ECONOMIC, COMMERCIAL, POLITICAL AND MILITARY BENEFITS WE CAN EXPECT FROM SUCH NEGOTIATIONS.

8. DISCUSSIONS IN TRADE STAFF COMMITTEE REGARDING TRADE CONCESSIONS WE WOULD SEEK FROM PHILIPPINES ARE STILL NOT COMPLETED AND WILL PROBABLY REQUIRE ANOTHER WEEK. SOME INDUSTRIAL ITEMS HAVE BEEN IDENTIFIED ON WHICH WE MIGHT SEEK TARIFF CONCESSIONS BUT MORE DIFFICULT ISSUE IS MATTER OF CONCESSIONS ON US AGRICULTURAL EXPORTS, WHICH WILL APPRENTLY BE REQUIRED IN SOME MEASURE, SINCE CONCESSIONS TO PHILS ARE TO BE IN AGRICULTURAL FIELD- WHILE SOMETHING COULD PERHAPS BE ACHIEVED IN WAY OF BINDING NEWLY REDUCED PHIL TARIFFS ON OILS AND SOYBEANS, AGRICULTURE IS PARTICULARLY INTERESTED IN OBTAINING SOME SORT OF PHILIPPINE UNDERTAKING THAT WOULD ASSURE CONTINUED SHARE OF MARKET OR LEVELS OF PURCHASE. REQUEST EMBASSY'S VIEWS ON PROSPECTS FOR ASSURANCES OF THIS NATURE, WHETHER ON "BEST EFFORTS" BASIS OR OTHER APPROACH, SUCH AS TARIFF QUOTAS ALLOTTED ON HISTORICAL PATTERNS, OR SOME VARIATION ON USUAL MARKETING REQUIREMENT PROVISIONS OF PL-480, BEARING IN MIND THAT ASSURANCES BEING SOUGHT WOULD BE FOR NON-CONCESSIONAL SALES. BROWN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, AGREEMENT DRAFT, TRADE LAW, AGRICULTURE, CUSTOMS DUTIES, LEGISLATORS, NEGOTIATIONS, TARIFFS, TRADE AGREEMENTS, US CONGRESSIONAL PRESENTATIONS, CONSULTANTS, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 MAY 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE110811
Document Source: CORE
Document Unique ID: 00
Drafter: RWILLNER/RUSHER:MHS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740132-0399
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740516/aaaaaodf.tel
Line Count: 146
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: SECRET
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: STADIS
Reference: MANILA 6159 AND MANILA 6193
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 07 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Aug-2002 by worrelsw>; APPROVED <06 MAR 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC NEGOTIATIONS
TAGS: EGEN, ETRD, RP, US
To: MANILA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005